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Testimony of AARP before the House Banking and Financial Services Committee
Representative Andy Couloris, Chair
October 16, 2007

Thank you for the opportunity to address the Committee on the problem of predatory lending, an issue of special importance to older people. I am Anita Salustro, Associate State Director of AARP in Michigan.

Representing 1.6 million members, AARP wants to see strong laws that will protect older people from losing their homes and their savings. Statistics have consistently shown that older borrowers are targeted by predatory lenders. More often than not, seniors are the outright owners of their homes, giving them equity to tap into. They are house rich/cash poor. Michigan's research found that older women in Flint, Detroit, and Grand Rapids are disproportionately selected for refinancing terms that have no financial benefit to them. The study found that very often older borrowers will be told that they only qualify for a subprime loan at vastly higher rates and more punishing terms when their credit history qualifies them for a prime rate loan.

Now the market is feeling the effect of these loans. Thousands of adjustable rate mortgages are now shifting into higher payments and our members cannot afford them. The "for sale" signs stay on lawns for months and even years as future home buyers are now wary of taking on new mortgages.

Like everyone else, Michigan's older citizens need comprehensive legal remedies for unfair loans. In their current form these bills offer the protections homeowners need. Therefore, AARP gives its support for the bills as currently drafted. We must not waste another four years. The housing market is in trouble, thousands of homes are in foreclosure, and prospective buyers need to know that the state is looking after the biggest investment they will make: their homes.

Thank you again for this opportunity and for legislation that will protect seniors.

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